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MAY 12, 2019 BY RONNIE

Thoughts On Potential Canada-China Free Trade Deal

https://www.international.gc.ca/trade-commerce/consultations/china-chine/index.aspx?lang=eng
Consulting Canadians on a possible Canada-China free trade agreement
CANADA AND CHINA
Twitter
Canada Trade
@CanadaTrade
Today, Canada is launching consultations regarding the allocation and administration policies of tariff rate quotas for supply managed goods. Have your say ow.ly/kJOX50u6Zj9
May 10, 2019
Canada Trade
@CanadaTrade
One of the largest testing and research labs in NA is based out of #Surrey! @PowertechLabs is an important innovator in the BC #CleanTech ecosystem that has leveraged @TCS_SDC and has successfully expanded to international markets
Today's modern, interconnected economy requires a more inclusive and progressive approach to international trade that reflects the views and priorities of

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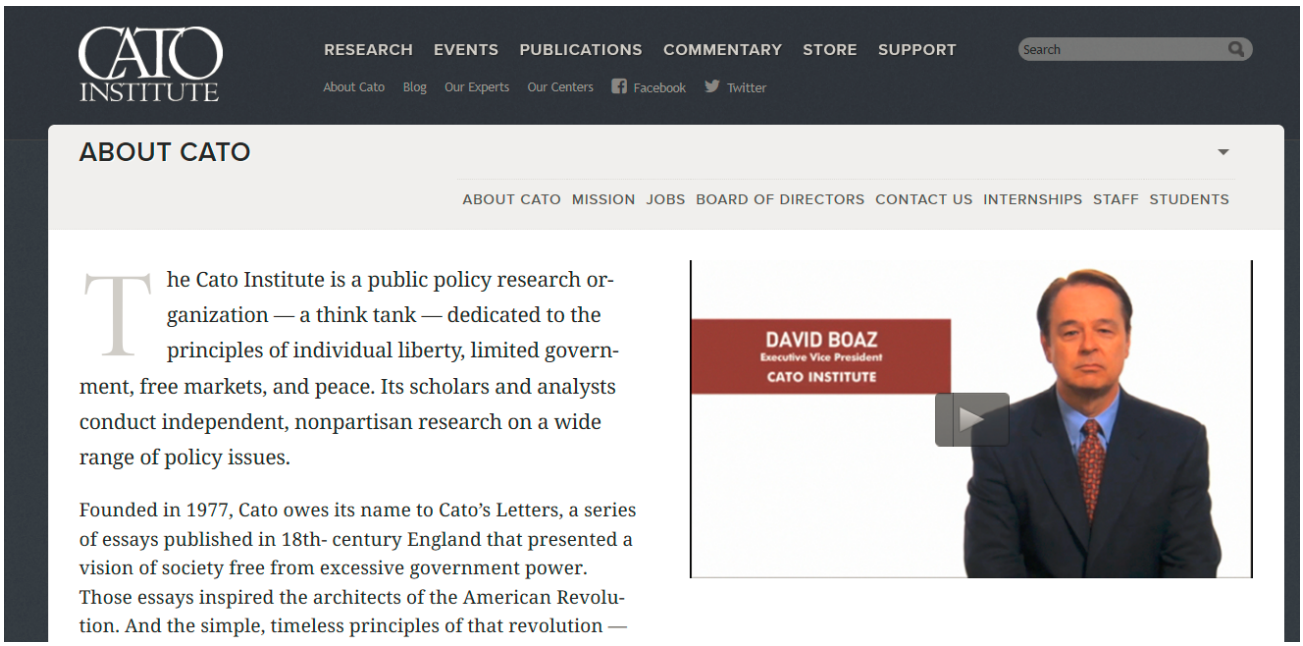
Active consultations
The Government of Canada is currently seeking the views of Canadians on the scope of potential negotiations and consulting Canadian stakeholders with an interest in these agreements:
Consultations towards a Canada-India Comprehensive Economic Partnership Agreement (CEPA)
Closed consultations
Although the consultation periods for these initiatives have concluded, the Government of Canada continues to be interested in the input of Canadians and would encourage Canadians to continue to provide input to inform future discussions. Items are listed in chronological order starting with the most recent.
Canada's Administration of Tariff Preference Level commitments under the Canada-United States-Mexico Agreement - Closed: April 16, 2019
Consulting Canadians on a possible Canada-ASEAN Free Trade Agreement - Closed: October 16, 2018
Public consultation: Allocation and administration of tariff rate quotas under the CPTPP - Closed: August 31, 2018
Archived - Consulting Canadians on the renegotiation of the North American Free Trade Agreement with the United States and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Founded in 1977, Cato owes its name to Cato's Letters, a series of essays published in 18th- century England that presented a vision of society free from excessive government power. Those essays inspired the architects of the American Revolution. And the simple, timeless principles of that revolution —
DAVID BOAZ
Executive Vice President
CATO INSTITUTE

(Tucker Carlson: Social Costs to Communities Most Important)

Ben Shapiro And Tucker Carlson On Driverless Trucks (2018)

1. Offshoring, Globalization, Free Trade

The other posts on outsourcing/offshoring are available here. It focuses on the hidden costs and trade offs society as a whole has to make. Contrary to what many politicians and figures in the media claim, there are always costs to these kinds of agreement. These include: (a) job losses; (b) wages being driven down; (c) undercutting of local companies; (d) legal action by foreign entities; (e) industries being outsourced; and (f) losses to communities when major employers leave. Don't believe the lies that these agreements are overwhelmingly beneficial to all.

2. Important Links

(1) https://www.international.gc.ca/trade-agreements-accords-commerciaux/consultations/fta-ale.aspx?lang=eng

(2) https://www.international.gc.ca/trade-commerce/consultations/china-chine/index.aspx?lang=eng

(3) https://www.international.gc.ca/trade-commerce/consultations/china-chine/toolkit-outils.aspx?lang=eng

(4) https://www.epi.org/publication/the-china-toll-deepens-growth-in-the-bilateral-trade-deficit-between-2001-and-2017-cost-3-4-million-u-s-jobs-with-losses-in-every-state-and-congressional-district/

(5) https://www.forbes.com/sites/charleswallace1/2018/07/21/chinas-currency-manipulation-is-a-response-to-trumps-tariffs/#33295e9a663b

(6) https://www.thestar.com/news/canada/2012/02/11/harper_in_china_free_trade_agreement_with_china_in_canadas_sights.html

(7) https://www.theglobeandmail.com/business/article-trudeau-intends-to-work-toward-free-trade-deal-with-china-despite/

(8) https://www.maximebernier.com/canada_china_free_trade_speech

(9) https://www.ndp.ca/news/ndp-statement-pms-trade-trip-china

(10) https://www.cato.org/publications/policy-analysis/disciplining-chinas-trade-practices-wto-how-wto-complaints-can-help

(11) https://object.cato.org/sites/cato.org/files/pubs/pdf/pa856.pdf

3. From Archived Pages

There have been many concerns with dealing with China. To name just some of them:

1. Human rights abuses
2. No respect for intellectual property
3. Preferential treatment
4. Unsafe products entering Canada

To put is bluntly, the answers are not reassuring. They are the political-talk we have come to expect that avoids giving concrete answers.

> Canada has robust regulatory requirements and strong enforcement action can be taken on unsafe products entering the country. Regardless of country of origin, if the Canadian government identifies products that do not meet regulatory requirements, enforcement action will be taken. Enforcement action can take a number of forms, including recall.

> Canada's Foreign Investment Promotion and Protection Agreement (FIPA) with China works to protect Canadian investments in China, and is among the most ambitious

> investment agreements China has ever ratified.

> A possible FTA could include provisions that would help to mitigate the risk of IP infringements. We would like to hear from you on your experience with IP rights in the context of the Canada-China commercial relationship. Additionally, Canadian firms are encouraged to raise any IP problems they have in China or other overseas market with the Canadian Trade Commissioner Service.

This all sounds lovely, but to a critical person, this seems more like an attempt to emotionally soothe than to persuade with facts.

4. Major Job Losses

Looking at the Economic Policy Institute Study, shown here, from 2001 to 2017, the US lost 3.4 million jobs to China as a result of a growing trade deficit. China can produce much cheaper and in much higher numbers.

Both increased imports and technical products have done a number on the US job market, who simply cannot compete.

While this is an American study, it would be wise to use it as a cautionary tale for Canada as well.

CURRENCY MANIPULATION EXPLAINED

One unfair way to gain an advantage over a foreign competitor is to manipulate the currency. China has been doing this for a long time, and it leads to an economic advantage that few can match. The Forbes article explains it well.

> First, a bit of background. The Chinese currency, called the renminbi, is what's known as a policy currency. That means that **unlike the U.S. dollar, which rises and falls in**

> **value in free market trading,** the currency's value against the dollar is **set by the People's Bank of China, an arm of the Chinese government.**

> While the PBOC has gradually tried to make the value of the renminbi more reflective of market forces, setting trading bands in which the renminbi is allowed to fluctuate every day, **in the last analysis it is still under government control. Put another way, the value of the renminbi is manipulated by the government and always has been**. It's just that when Beijing was manipulating the value so that the renminbi appreciated against the dollar in the last few years, nobody in Washington complained.

When the Chinese Government manipulates its currency, it does so in order to artificially cheapen the costs of its products, and to gain an advantage over competitors.

In a "free market" world, this sort of thing should never be allowed.

5. CATO Institute Hypocrisy

Note: CATO calls itself a public policy institute, dedicated to free trade, liberalization and free markets. It is based in the US. But its conflicting observations are disturbing. From their website, they post an article which contains these remarks:

> The Trump administration believes that the international dispute settlement system of the World Trade Organization (WTO) offers no effective remedy for these practices, and prefers an approach that relies mostly on unilateral tariffs. The administration sees the issue as follows. China's **mercantilist state systematically discriminates against foreign products and foreign producers** in China while **forcing foreign companies to hand over their intellectual property** (IP) as the price of access to China's large and growing market. **China engages in widespread cheating in its trade practices, including not only high tariffs, domestic content requirements, and other traditional forms of protectionism, but also rigged regulations that erect trade barriers by favoring Chinese companies and outright theft of foreign IP.** And, Trump and his trade cohorts say repeatedly, there is virtually nothing the United States can do **under current WTO rules to stop this predatory Chinese behavior.**

Worth noting is that CATO doesn't dispute the accuracy or factual basis of Donald Trump's claims. They don't dispute the one sided advantage that is posed here. However, there is an interesting brochure that CATO released:

> Supporting China's membership in the WTO in 2001 **was not a mistake by the United States**. All 163 other members of the WTO, including the United States, are much better off **because China is inside the rules-based global trading system and has not been left outside it.** China has made great strides since 2001 toward full compliance with the rules of the WTO trading system.

An organization which promotes liberalized trade is okay when one of its members blatantly acts against the rules and its principles. Okay.

6. Main Canadian Parties Support This

Despite all the problems outline above, it is:
SUPPORTED, by People's Party.
SUPPORTED, by the Conservative Party.
SUPPORTED, by the Liberal Party

However, NDP acts <a href="https://www.ndp.ca/news/ndp-statement-pms-trade-trip-china"" rel="noopener" target="_blank">as the voice of reason.

> A potential free trade agreement raises many questions that are yet unanswered. **China has no free press, torture is widespread, workers do not have a right to collective bargaining, and hundreds of human rights defenders and dissidents have been detained.**

> **Environmental protections, labour standards, and human rights** must be at the forefront of any trade and investment discussions, and any trade deal must support Canadian jobs, not just focus on selling Canadian resources to be processed abroad.

> The Liberals have failed to take action to address steel dumping by Chinese companies which put Canadian businesses at a dangerous disadvantage. China also has a

> **questionable record on currency manipulation and unfair trade practices, and does not have market economy status,** which means it would be very difficult to have a level playing field in a free trade deal.

> There are also concerns about **protecting the intellectual property of Canadians** and the behaviour of state-owned enterprises in China, including through the takeover of Canadian companies that work on sensitive technologies. Before making a decision on whether to begin formal negotiations, the government needs to clearly address all these concerns, and consult with Canadians before rushing into a deal that is against their interests."

What the hell? Why am I agreeing with the NDP on this? Since when did an openly socialist party become the voice of reason?

The again, a NATIONALIST approach would also conclude free trade with China is a bad idea.

7. Not Worth It

Watch the video with Tucker Carlson, at the top of the article. He explains that it is a better way to ensure stability of communities and jobs than to look at a purely profit motive. Well worth a watch. While the talk relates to automating vehicles — and putting truck drivers out of work — the same rationale can be applied here.

While there may be some benefits to an agreement with China, there are simply too many social costs to Canada that need to be seriously looked at:

- How many jobs will be lost?
- What will happen to communities with major job losses?
- What about environmental protection?
- Would we be rewarding sweatshop conditions?
- Can we protect people's intellectual property?
- Will we be undercut by currency manipulation?
- Is getting cheaper products worth the social cost?

It's not all about GDP, stock prices, or corporate profits. What will a free trade agreement with China do to Canada?

OUR PEOPLE COME FIRST.

ASIA, CANADA, CRIMINAL, FREE TRADE, GLOBALISM, HUMAN RIGHTS, INTELLECTUAL PROPERTY